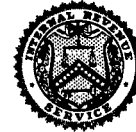


# INDUSTRY CIRCULAR

OFFICE OF THE COMMISSIONER OF INTERNAL REVENUE  
ALCOHOL AND TOBACCO TAX DIVISION



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WASHINGTON 25, D. C.

Industry Circular No. 67-11

September 27, 1967

## NONBEVERAGE WINE

Proprietors of bonded wine cellars  
and others concerned:

Purpose. This circular is issued to advise you of the publication of a notice of proposed rule making in the Federal Register for September 23, 1967 (32 F.R. 13416). The notice of proposed rule making would provide temporary regulations in Subpart Z of 26 CFR Part 170, Miscellaneous Regulations Relating to Liquor, to implement the provisions of Public Law 90-73 [81 Stat. 175], effective December 1, 1967. Public Law 90-73 amended section 5362, I.R.C., by adding subsection (d) which provides for the removal free of tax from a bonded wine cellar of wine, or wine products made from wine, when rendered unfit for beverage use.

### Highlights of proposed regulations

Terms. The proposed regulations define a new term "nonbeverage wine" to mean wine, or wine products made from wine, which have been rendered unfit for beverage use.

Qualification. The proposed regulations provide that each proprietor who intends to produce nonbeverage wine will, before commencing such production, give notice of his intent to do so by filing an amended application, in skeleton form, on Form 698, a consent of surety or a new bond, and a formula on Form 698-Supplemental for each nonbeverage wine to be produced. Formulas on Form 698-Supplemental for nonbeverage wine will be numbered in serial order, starting with No. 1, and must be prefixed with the symbol "NB."

Production, storage, and removal. Under proposed regulations, the nonbeverage wine would be segregated from the production and storage of beverage wines. Containers used to remove nonbeverage wine from bond would be required to bear, in addition to identifying marks, the legend "NOT FOR SALE OR USE AS A BEVERAGE." Labels on bottles or other consumer packages of nonbeverage wine, which state or imply that the contents are wine or are made from wine, should state with equal prominence that the contents are not for beverage use. Removals of nonbeverage wine, except where the removal is in bottles or other consumer packages, would be reported by a notice of shipment (for example, a commercial invoice or bill of lading) and the receipt of the shipment acknowledged by the consignee on a copy thereof.

Records. Under the proposed regulations, a proprietor who produces nonbeverage wine would maintain daily records of the production and removal of such wines and would report such production and removal on his monthly report, Form 702.

Inquiries. Inquiries regarding this circular should refer to its number and be addressed to your Assistant Regional Commissioner, Alcohol and Tobacco Tax.

*Harold A. Serr*

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Director, Alcohol and Tobacco Tax Division